

State Budget Office
Office of Regulatory Reinvention
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REGULATORY IMPACT STATEMENT (RIS) and COST-BENEFIT ANALYSIS

PART 1: INTRODUCTION

Under the Administrative Procedures Act (APA), 1969 PA 306, the department/agency responsible for promulgating the administrative rules must complete and submit this form electronically to the Office of Regulatory Reinvention (ORR) no less than 28 days before the public hearing (MCL 24.245(3)-(4)). Submissions should be made by the department Regulatory Affairs Officer (RAO) to orr@michigan.gov. The ORR will review the form and send its response to the RAO (see last page). Upon approval by the ORR, the agency shall make copies available to the public at the public hearing (MCL 24.245(4)).

1. ORR-assigned rule set number:

2017-081 LR

2. ORR rule set title:

State Boundary Commission General Rules

3. Department:

Licensing and Regulatory Affairs

4. Division/agency/bureau:

Bureau of Construction Codes/Office of Land Survey & Remonumentation

5. Name, title, and phone number of person completing this form:

Shannon Matsumoto, Rules Specialist, (517) 241-6312

6. Reviewed by department Regulatory Affairs Officer:

Liz Arasim
Department of Licensing and Regulatory Affairs

PART 2: APPLICABLE SECTIONS OF THE APA

MCL 24.207a “Small business” defined.

Sec. 7a.

“Small business” means a business concern incorporated or doing business in this state, including the affiliates of the business concern, which is independently owned and operated and which employs fewer than 250 full-time employees or which has gross annual sales of less than \$6,000,000.00.

MCL 24.240 Reducing disproportionate economic impact of rule on small business; applicability of section and MCL 24.245(3).

Sec. 40.

(1) When an agency proposes to adopt a rule that will apply to a small business and the rule will have a disproportionate impact on small businesses because of the size of those businesses, the agency shall consider exempting small businesses and, if not exempted, the agency proposing to adopt the rule shall reduce the economic impact of the rule on small businesses by doing all of the following when it is lawful and feasible in meeting the objectives of the act authorizing the promulgation of the rule:

- (a) Identify and estimate the number of small businesses affected by the proposed rule and its probable effect on small businesses.
- (b) Establish differing compliance or reporting requirements or timetables for small businesses under the rule after projecting the required reporting, record-keeping, and other administrative costs.
- (c) Consolidate, simplify, or eliminate the compliance and reporting requirements for small businesses under the rule and identify the skills necessary to comply with the reporting requirements.
- (d) Establish performance standards to replace design or operational standards required in the proposed rule.

(2) The factors described in subsection (1)(a) to (d) shall be specifically addressed in the small business impact statement required under section 45.

(3) In reducing the disproportionate economic impact on small business of a rule as provided in subsection (1), an agency shall use the following classifications of small business:

- (a) 0-9 full-time employees.
- (b) 10-49 full-time employees.
- (c) 50-249 full-time employees.

(4) For purposes of subsection (3), an agency may include a small business with a greater number of full-time employees in a classification that applies to a business with fewer full-time employees.

(5) This section and section 45(3) do not apply to a rule that is required by federal law and that an agency promulgates without imposing standards more stringent than those required by the federal law.

MCL 24.245 (3) Except for a rule promulgated under sections 33, 44, and 48, the agency shall prepare and include with the notice of transmittal a **regulatory impact statement** which shall contain specific information (information requested on the following pages).

[**Note:** Additional questions have been added to these statutorily-required questions to satisfy the **cost-benefit analysis** requirements of Executive Order 2011-5].

MCL 24.245b Information to be posted on office of regulatory reinvention website.

Sec. 45b. (1) The office of regulatory reinvention shall post the following on its website within 2 business days after transmittal pursuant to section 45:

- (a) The regulatory impact statement required under section 45(3).
- (b) Instructions on any existing administrative remedies or appeals available to the public.
- (c) Instructions regarding the method of complying with the rules, if available.
- (d) Any rules filed with the secretary of state and the effective date of those rules.

(2) The office of regulatory reinvention shall facilitate linking the information posted under subsection (1) to the department or agency website.

PART 3: DEPARTMENT/AGENCY RESPONSE

Please place your cursor in each box, and provide the required information, using complete sentences. Please do not answer the question with “N/A” or “none.”

Comparison of Rule(s) to Federal/State/Association Standards:

1. Compare the proposed rule(s) to parallel federal rules or standards set by a state or national licensing agency or accreditation association, if any exist. Are these rule(s) required by state law or federal mandate? If these rule(s) exceed a federal standard, please identify the federal standard or citation, describe why it is necessary that the proposed rule(s) exceed the federal standard or law, and specify the costs and benefits arising out of the deviation.

The rules are required by state law, but the current rules go beyond the scope of the Act. The rules are being rescinded. There are no federal standards.

2. Compare the proposed rule(s) to standards in similarly situated states, based on geographic location, topography, natural resources, commonalities, or economic similarities. If the rule(s) exceed standards in those states, please explain why and specify the costs and benefits arising out of the deviation.

The bureau is unaware of rules in other states to compare with.

3. Identify any laws, rules, and other legal requirements that may duplicate, overlap, or conflict with the proposed rule(s). Explain how the rule has been coordinated, to the extent practicable, with other federal, state, and local laws applicable to the same activity or subject matter. This section should include a discussion of the efforts undertaken by the agency to avoid or minimize duplication.

The rules go beyond the scope of the State Boundary Commission Act (the Act). The rules are being rescinded.

Purpose and Objectives of the Rule(s):

4. Identify the behavior and frequency of behavior that the proposed rule(s) are designed to alter. Estimate the change in the frequency of the targeted behavior expected from the proposed rule(s). Describe the difference between current behavior/practice and desired behavior/practice. What is the desired outcome?

During the Lean Process Improvement (LPI) process, of the State Boundary Commission General Rules, it was determined that the rules go beyond the scope of the Act. The LPI group felt that the Act addresses the program’s needs. The rules are being rescinded.

5. Identify the harm resulting from the behavior that the proposed rule(s) are designed to alter and the likelihood that the harm will occur in the absence of the rule. What is the rationale for changing the rule(s) instead of leaving them as currently written?

There will be no harm resulting from the behavior of these proposed rules, the rules go beyond the scope of the Act. The Act addresses the program’s needs. They are being rescinded.

6. Describe how the proposed rule(s) protect the health, safety, and welfare of Michigan citizens while promoting a regulatory environment in Michigan that is the least burdensome alternative for those required to comply.

The rules exceed the scope of the Act; the rules are being rescinded. The Act addresses the program's needs. The process in the law is the most streamlined. The rescission of the rules reduces the burden.

7. Describe any rules in the affected rule set that are obsolete or unnecessary and can be rescinded.
R 123.1 through R 123.75.

Fiscal Impact on the Agency:

Fiscal impact is an increase or decrease in expenditures from the current level of expenditures, i.e. hiring additional staff, an increase in the cost of a contract, programming costs, changes in reimbursement rates, etc. over and above what is currently expended for that function. It would not include more intangible costs or benefits, such as opportunity costs, the value of time saved or lost, etc., unless those issues result in a measurable impact on expenditures.

8. Please provide the fiscal impact on the agency (an estimate of the cost of rule imposition or potential savings for the agency promulgating the rule).

There is no additional fiscal impact on the agency as the rules are being rescinded as they exceed the scope of the Act. By rescinding the rules, bureau time is reduced by cutting unnecessary steps.

9. Describe whether or not an agency appropriation has been made or a funding source provided for any expenditures associated with the proposed rule(s).

No additional fiscal impact is expected; the rules are being rescinded as they exceed the scope of the Act. No funding source is available for any State Boundary Commission action. Rescinding the rules reduces unnecessary steps.

10. Describe how the proposed rule(s) is necessary and suitable to accomplish its purpose, in relationship to the burden(s) it places on individuals. Burdens may include fiscal or administrative burdens, or duplicative acts. Despite the identified burden(s), identify how the requirements in the rule(s) are still needed and reasonable compared to the burdens.

The rules are not necessary; they exceed the scope of the Act. The rules are being rescinded.

Impact on Other State or Local Governmental Units:

11. Estimate any increase or decrease in revenues to other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Estimate the cost increases or reductions for other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Please include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

There will not be any increase or decrease in revenues to other state or local governmental units as a result of the rules. The rules are being rescinded as they exceed the scope of the Act.

Costs to City, Village, Townships and Counties would be reduced by limiting the time needed for attorneys.

12. Discuss any program, service, duty or responsibility imposed upon any city, county, town, village, or school district by the rule(s). Describe any actions that governmental units must take to be in compliance with the rule(s). This section should include items such as record keeping and reporting requirements or changing operational practices.

There is no action that the governmental units need to take to be in compliance with the rules because the rules are being rescinded as they exceed the scope of the Act.

13. Describe whether or not an appropriation to state or local governmental units has been made or a funding source provided for any additional expenditures associated with the proposed rule(s).

The rules are being rescinded as they exceed the scope of the Act. No appropriation is made regarding State Boundary Commission activities.

Rural Impact:

14. In general, what impact will the rules have on rural areas? Describe the types of public or private interests in rural areas that will be affected by the rule(s).

There will be no impact on rural areas, the rules are being rescinded as they exceed the scope of the Act.

Environmental Impact:

15. Do the proposed rule(s) have any impact on the environment? If yes, please explain.

There will be no impact on the environment, the rules are being rescinded as they exceed the scope of the Act.

Small Business Impact Statement:

[Please refer to the discussion of “small business” on page 2 of this form.]

16. Describe whether and how the agency considered exempting small businesses from the proposed rule(s).

Small businesses won't be affected; the rules are being rescinded as they exceed the scope of the Act.

17. If small businesses are not exempt, describe (a) the manner in which the agency reduced the economic impact of the proposed rule(s) on small businesses, including a detailed recitation of the efforts of the agency to comply with the mandate to reduce the disproportionate impact of the rule(s) upon small businesses as described below (in accordance with MCL 24.240(1)(a-d)), or (b) the reasons such a reduction was not lawful or feasible.

Small businesses won't be affected; the rules are being rescinded as they exceed the scope of the Act.

A. Identify and estimate the number of small businesses affected by the proposed rule(s) and the probable effect on small business.

Small businesses won't be affected; the rules are being rescinded as they exceed the scope of the Act.

B. Describe how the agency established differing compliance or reporting requirements or timetables for small businesses under the rule after projecting the required reporting, record-keeping, and other administrative costs.

Small businesses won't be affected; the rules are being rescinded as they exceed the scope of the Act.

C. Describe how the agency consolidated or simplified the compliance and reporting requirements and identify the skills necessary to comply with the reporting requirements.

Small businesses won't be affected; the rules are being rescinded as they exceed the scope of the Act.

D. Describe how the agency established performance standards to replace design or operation standards required by the proposed rule(s).

Small businesses won't be affected; the rules are being rescinded as they exceed the scope of the Act.

18. Identify any disproportionate impact the proposed rule(s) may have on small businesses because of their size or geographic location.

There is no disproportionate impact on small businesses. The rules are being rescinded as they exceed the scope of the Act.

19. Identify the nature of any report and the estimated cost of its preparation by small businesses required to comply with the proposed rule(s).

Small businesses won't be affected; the rules are being rescinded as they exceed the scope of the Act. The elimination of rules will reduce estimated costs due to time savings.

20. Analyze the costs of compliance for all small businesses affected by the proposed rule(s), including costs of equipment, supplies, labor, and increased administrative costs.

Small businesses won't be affected; the rules are being rescinded as they exceed the scope of the Act.

21. Identify the nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rule(s).

Small businesses won't be affected; the rules are being rescinded as they exceed the scope of the Act. There would be a time savings in legal fees, engineering consulting fees, preparing questionnaire answers, and reducing the number of meetings.

22. Estimate the ability of small businesses to absorb the costs without suffering economic harm and without adversely affecting competition in the marketplace.

Small businesses won't be affected; the rules are being rescinded as they exceed the scope of the Act.

23. Estimate the cost, if any, to the agency of administering or enforcing a rule that exempts or sets lesser standards for compliance by small businesses.

There will be no cost to the agency because small businesses won't be affected; the rules are being rescinded as they exceed the scope of the Act.

24. Identify the impact on the public interest of exempting or setting lesser standards of compliance for small businesses.

Small businesses won't be affected; the rules are being rescinded as they exceed the scope of the Act.

25. Describe whether and how the agency has involved small businesses in the development of the proposed rule(s). If small businesses were involved in the development of the rule(s), please identify the business(es).

Small businesses were not involved in the development of the proposed rules as they won't be affected; the rules are being rescinded as they exceed the scope of the Act.

Cost-Benefit Analysis of Rules (independent of statutory impact):

26. Estimate the actual statewide compliance costs of the rule amendments on businesses or groups. Identify the businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rule(s). What additional costs will be imposed on businesses and other groups as a result of these proposed rules (i.e. new equipment, supplies, labor, accounting, or recordkeeping)? Please identify the types and number of businesses and groups. Be sure to quantify how each entity will be affected.

There will be no statewide compliance costs; the rules are being rescinded as they exceed the scope of the Act. There would be a cost reduction by eliminating an additional meeting.

27. Estimate the actual statewide compliance costs of the proposed rule(s) on individuals (regulated individuals or the public). Please include the costs of education, training, application fees, examination fees, license fees, new equipment, supplies, labor, accounting, or recordkeeping. How many and what category of individuals will be affected by the rules? What qualitative and quantitative impact does the proposed change in rule(s) have on these individuals?

There is no statewide compliance cost on individuals; the rules are being rescinded as they exceed the scope of the Act.

28. Quantify any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rule(s).

There is no cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rules. The rules are being rescinded as they exceed the scope of the Act.

29. Estimate the primary and direct benefits and any secondary or indirect benefits of the proposed rule(s). Please provide both quantitative and qualitative information, as well as your assumptions.

There are no primary and direct benefits and no secondary or indirect benefits of the proposed rules. The rules are being rescinded as they exceed the scope of the Act.

30. Explain how the proposed rule(s) will impact business growth and job creation (or elimination) in Michigan.

The rules will not impact business growth and job creation in Michigan. The rules are being rescinded as they exceed the scope of the Act.

31. Identify any individuals or businesses who will be disproportionately affected by the rules as a result of their industrial sector, segment of the public, business size, or geographic location.

Individuals nor businesses will be disproportionately affected by the rules as a result of industrial sector, segment of the public, business size, or geographic location. The rules are being rescinded as they exceed the scope of the Act.

32. Identify the sources the agency relied upon in compiling the regulatory impact statement, including the methodology utilized in determining the existence and extent of the impact of a proposed rule(s) and a cost-benefit analysis of the proposed rule(s). How were estimates made, and what were your assumptions? Include internal and external sources, published reports, information provided by associations or organizations, etc., which demonstrate a need for the proposed rule(s).

During the Lean Process Improvement (LPI) process, of the State Boundary Commission General Rules, it was determined that the rules go beyond the scope of the Act rules are being rescinded.

Alternatives to Regulation:

33. Identify any reasonable alternatives to the proposed rule(s) that would achieve the same or similar goals. In enumerating your alternatives, please include any statutory amendments that may be necessary to achieve such alternatives.

The rules are being rescinded as they exceed the scope of the Act.

34. Discuss the feasibility of establishing a regulatory program similar to that proposed in the rule(s) that would operate through private market-based mechanisms. Please include a discussion of private market-based systems utilized by other states.

The rules are being rescinded as they exceed the scope of the Act.

35. Discuss all significant alternatives the agency considered during rule development and why they were not incorporated into the rule(s). This section should include ideas considered both during internal discussions and discussions with stakeholders, affected parties, or advisory groups.

The rules are being rescinded as they exceed the scope of the Act.

Additional Information

36. As required by MCL 24.245b(1)(c), please describe any instructions regarding the method of complying with the rule(s), if applicable.

Not applicable.

PART 4: REVIEW BY THE ORR

Date Regulatory Impact Statement (RIS) received:

12-1-2017

Date RIS approved:	12/19/2017
ORR assigned rule set number:	2017-081 LR

Date of disapproval:	Explain:
More information needed:	Explain: